

## Message Text

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PAGE 01 PHNOM 02257 142124Z

17-12

ACTION EA-14

INFO OCT-01 ISO-00 PM-07 NSC-10 SPC-03 SAM-01 SS-20 RSC-01

CIAE-00 INR-10 NSAE-00 L-03 AID-20 OMB-01 IO-14 MC-02

TRSE-00 EB-11 DRC-01 COME-00 /119 W

----- 030283

R 141023Z FEB 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 4966

SECDEF WASHDC

INFO CJCS WASHDC

CINCPAC HONOLULU HI

UNCLAS PHNOM PENH 2257

1. CHMEDTC HAS RECEIVED FOLLOWING LETTER FROM THE VINNELL CORPORATION: QUOTE: AT THE REQUEST OF THE KHMER GOVERNMENT, VINNELL CORPORATION HAS VERY RECENTLY SUBMITTED ITS PROPOSAL TO PROVIDE A CLASS V TECHNICAL ASSISTANCE TEAM FOR THE ARMED FORCES OF THE KHMER REPUBLIC FOR A TWELVE (12) MONTH PERIOD OF PERFORMANCE. INASMUCH AS VINNELL CORPORATION NOW HAS A CONTRACT WITH THE U.S. GOVERNMENT UNDER THE CAMBODIAN MILITARY ASSISTANCE PROGRAM, WE WISH TO FORMALLY APPRISE YOU OF THIS CONTEMPLATED CONTRACT WITH THE KHMER GOVERNMENT, AND TO SOLICIT YOUR CONCURRENCE PRIOR TO DEFINITIZING THE PROPOSED SERVICES. VINNELL CORPORATION UNDERSTANDS THAT THE U.S. GOVERNMENT CANNOT FUND THE PROPOSED CONTRACT. ACCORDINGLY, WE PROPOSE A DIRECT CONTRACT WITH THE KHMER GOVERNMENT WITH A PAYMENT RATIO OF SEVENTY PERCENT (70PERCENT) TO BE IN U.S. DOLLARS AND THIRTY PERCENT (30 PERCENT) TO BE IN RIELS. THE ABOVE PAYMENT RATIO IS CONSISTENT WITH THE PAYMENT PROVISIONS CONTAINED IN OUR CONTRACTS IN OTHER COUNTRIES. WE TRUST THAT THE ABOVE PROPOSED ARRANGEMENT MEETS WITH YOUR APPROVAL. UNQUOTE.

2. SERVICES FUNDED UNDER THIS CONTRACT WOULD MATERIALLY ASSIST FANK IN THE CRITICAL AREA OF AMMUNITION CONTROL. THE PROPOSED CONTRACT DIFFERS FROM THE PRESENT U.S. FUNDED VINNELL CONTRACT IN THE RIEL/DOLLAR SPLIT (30/70 AS AGAINST 100 PERCENT DOLLAR FUNDING IN CURRENT VINNELL CONTRACT AND A DE FACTO SPLIT OF 20/80  
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WITH THE RIELS OBTAINED BY VINNELL AT THE EMBASSY DISBURSING OFFICE

AT THE OFFICIAL EXCHANGE RATE). IN OUR VIEW THIS DIFFERENCE COULD NOT REPEAT NOT BE CONSIDERED INDIRECT FINANCING IN THE MEANING OF SECTION 656 OF THE FOREIGN ASSISTANCE ACT, INASMUCH AS THE 30/70 SPLIT APPEARS TO BE STANDARD PRACTICE IN NON-U.S. FUNDED CONTRACTS.

3. THUS, IF YOU CONCUR, WE WILL GIVE OUR CLEARANCE TO VINNELL TO CLOSE THE CONTRACT WITH THE GKR.

ENDERS

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NNN

## Message Attributes

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